

Homelessness in Los Angeles: A unique crisis demanding new solutions

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This report is a collaborative effort by Ashwin Adarkar, Tolian Gjika, Tim Ward, Jonathan Woetzel, and Yenli Wong.



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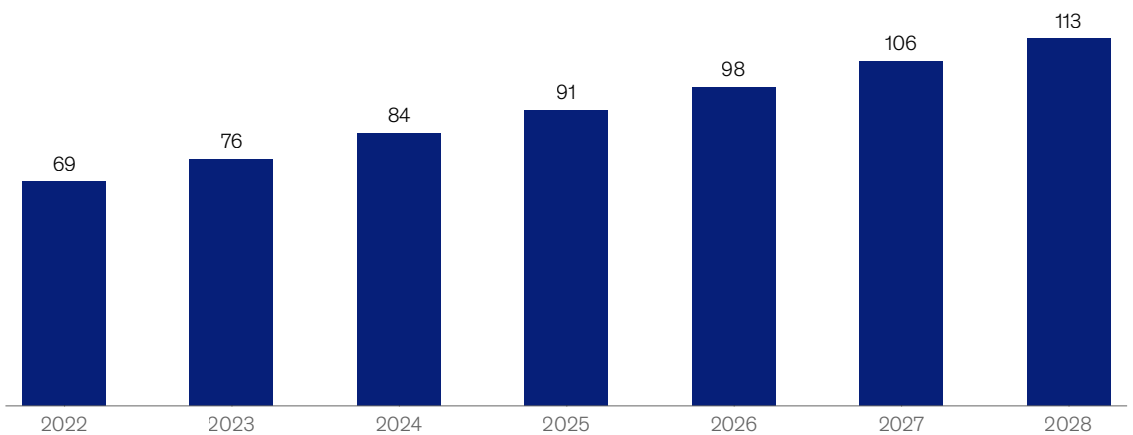
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Los Angeles County’s homelessness situation is unlike any other in the United States.¹ By recent estimates, LA’s population of people experiencing homelessness has surpassed New York City’s to become the largest in the nation—and it is still growing, with about one in 150 Angelenos, or 69,000 people, experiencing homelessness.² By the time LA hosts the 2028 Olympic Games, it is at risk of having more than 100,000 people experiencing homelessness (Exhibit 1). Thousands do not have a safe place to sleep tonight, and more than five people experiencing homelessness (PEH) may lose their lives today.³

Exhibit 1

More than 100,000 Los Angeles residents could be experiencing homelessness by the time the city hosts the 2028 Olympic Games.

Potential population of people experiencing homelessness, thousands



Note: For simplicity, a constant daily rate of 227 entrants to and 207 exits from homelessness is assumed.
 Source: Los Angeles Homeless Services Authority

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In a region overflowing with diversity, culture, and wealth, understanding the factors contributing to this crisis may help identify potential solutions. Research indicates this crisis is caused not only by a combination of historical factors and modern problems but also by unique challenges in scale, persistence, and lack of shelter. Surfacing the facts and facing the issues related to homelessness head-on can lead to unique ways to address LA’s challenges—and drive the inclusive growth that may prevent this situation from reoccurring in the future.

¹ Analyses of Los Angeles’s homeless population were conducted at the county level, not at the city level.
² “HUD 2022 continuum of care homeless assistance programs homeless populations and subpopulations: NY-600 New York City CoC,” US Department of Housing and Urban Development (HUD), January 25, 2022; *2022 Greater Los Angeles homeless count data summary*, Los Angeles Homeless Services Authority, September 8, 2022.
³ *Mortality among people experiencing homelessness in Los Angeles County: One year before and after the start of the COVID-19 pandemic*, Los Angeles County Department of Public Health, April 2022.



Why LA's homelessness crisis is unique

LA County is large by almost any measure. It is home to ten million people spread over 4,000 square miles and, if it were a country, its economy would rank among the world's 25 biggest.⁴ Unfortunately, LA's homelessness crisis mirrors this scale and is only exacerbated by its rapid growth rate, the persistence of chronic homelessness, and a lack of shelter.

Size and complexity: A huge, rapidly growing homeless population in a complicated setup

LA County's population, its growth rate, and the vast space and jurisdictions it covers create unique challenges requiring comprehensive, far-reaching solutions. The total number of PEH is growing quickly: it increased by roughly 56 percent from 2015 to 2022, compared with an 18 percent decline in New York City, which previously had the country's largest homeless population.⁵ And every day matters: on average, for every 207 individuals who exit homelessness daily, 227 more enter—including roughly 16 individuals who return to homelessness after six months (Exhibit 2). The county's size and complex governance structure complicate efforts further. LA County's geographic footprint is larger than Delaware and Rhode Island combined.⁶ Furthermore, decision making can be quite complex, as LA County is made up of 88 cities, each with its own mayor and city council for a total at the city and county levels of some 550 elected officials.⁷

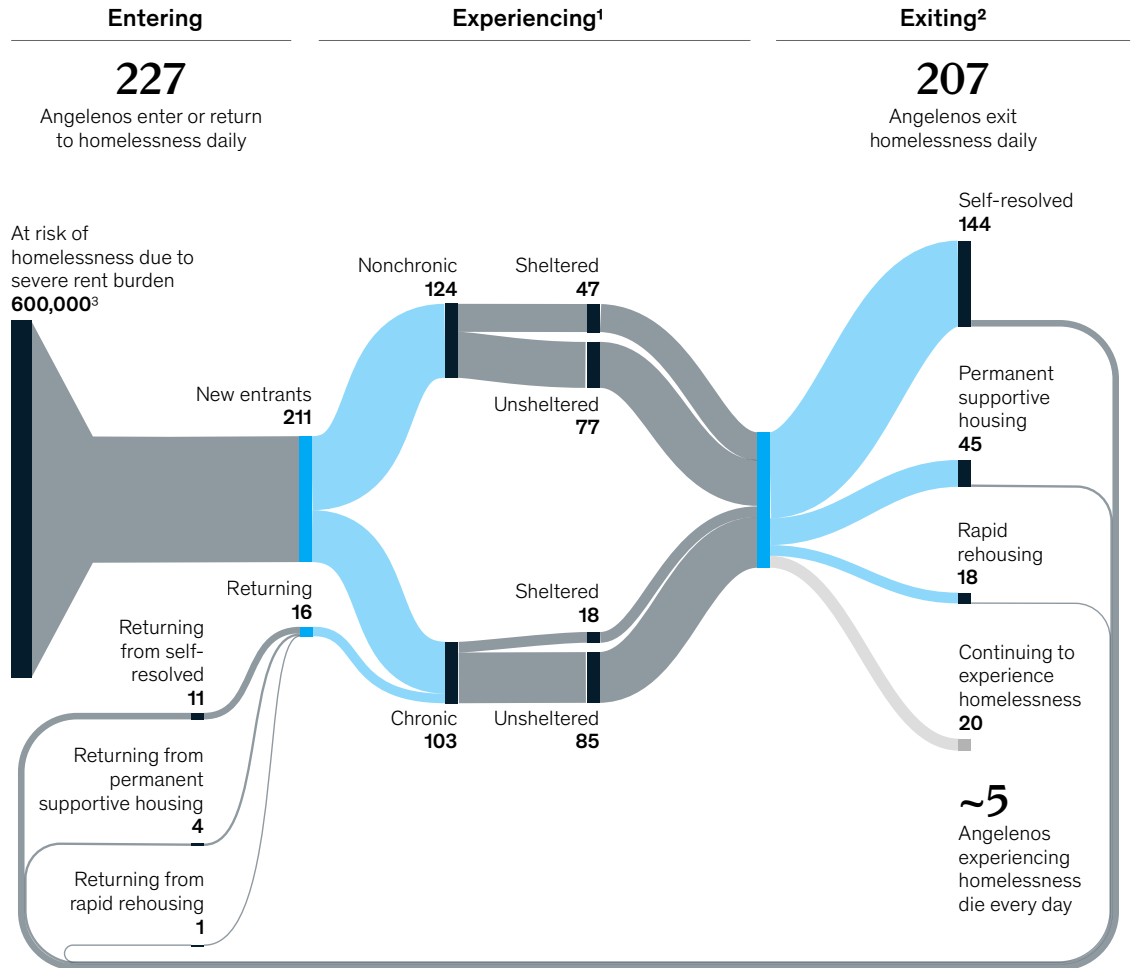
⁴ "QuickFacts: Los Angeles County, California: Population estimates, July 1 2021," US Census Bureau, 2021; "Gross domestic product by county, 2021," Bureau of Economic Analysis, December 8, 2022; "GDP (current US\$)," World Bank, accessed March 7, 2023.

⁵ "HUD 2022 continuum of care," January 25, 2022; "HUD 2015 continuum of care homeless assistance programs homeless populations and subpopulations: NY-600 New York City CoC," HUD, January 22, 2015; *2015 Greater Los Angeles homeless count results*, Los Angeles Homeless Services Authority (LAHSA), July 2015; "LAHSA releases 2022 Greater Los Angeles homeless count results," LAHSA, September 8, 2022.

⁶ "About the county," Los Angeles County Department of Human Resources, accessed March 7, 2023.

⁷ Population estimates, 2020-2021, US Census Bureau, May 26, 2022; "Los Angeles County Division," League of California Cities, accessed March 7, 2023.

Every day, the homeless population of Los Angeles grows by an estimated 20 people.



¹All returning entrants were classified as chronic, while new entrants were classified as either chronic or nonchronic based on Los Angeles Homeless Services Authority Point in Time Counts from 2022 (41% of people experiencing homelessness are chronic and 59% are nonchronic). For chronic populations, 17% are sheltered and 83% are unsheltered. For nonchronic populations, 39% are sheltered and 61% are unsheltered.
²Based on exits composed of 70% self-resolution with a 7.7% 6-month return to homelessness, 22% permanent supportive housing with a 9.8% 6-month return to homelessness, and 8% rapid rehousing with a 5.7% 6-month return to homelessness.
³Refers to 600,000 households, not individuals; the remaining numbers in the exhibit refer to individuals.
 Source: County of Los Angeles Chief Executive Office; Los Angeles County Department of Public Health; Los Angeles Homeless Services Authority

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On average, for every 207 individuals who exit homelessness daily, 227 more enter.

The devastating scale of LA's problem becomes apparent as one considers some of the deeper implications, like the additional lives lost and the impact on children. If LA's mortality rate of PEH continues on its current trajectory, the homelessness growth rate implies an additional 16,000 deaths of people experiencing homelessness through 2028.⁸ Lives of PEH are already cut short by an average of 35 years for women and 28 years for men.⁹ Additionally, in 2022, about 10 percent of PEH (roughly 6,000 people) were under the age of 18.¹⁰ If this proportion holds, more than 10,000 children could become homeless by 2028.¹¹ That is tragic on multiple levels; by age 12, about 80 percent of children experiencing homelessness have been exposed to at least one serious, violent incident.¹²

Severity and persistence: Higher rates of chronic homelessness

More than 40 percent of people experiencing homelessness in LA—some 29,000 people—are considered chronically homeless,¹³ amplifying the complexity of the crisis.¹⁴ In fact, LA's chronically homeless population is larger than the nation's next eight largest chronically homeless populations combined.¹⁵ The numbers also keep growing in volume and in cost: LA County's chronically homeless population grew by more than 50 percent between 2019 and 2020 alone.¹⁶ At current growth rates, LA could have a chronically homeless population the size of the city of Manhattan Beach by 2028. Additionally, this population has historically required more spending on support services than the rest of the population.¹⁷ For instance, the chronically homeless are six times more likely to have a serious mental illness or a physical disability than the nonchronically homeless.¹⁸ People who experience chronic homelessness can also be caught in a revolving door of incarceration and crisis services.¹⁹

Substance use disorders further exacerbate the situation. PEH in LA County are 35 times more likely to die of a drug or alcohol overdose than the general population, with fentanyl's contribution to PEH deaths increasing from 27 percent of deaths in the year before the COVID-19 pandemic to 45 percent of deaths in the year after the onset of the pandemic. In 2020, drug overdoses caused more deaths among PEH than the next three largest causes of death (coronary heart disease, COVID-19, and traffic injuries) combined.²⁰

⁸ Based on 1,988 PEH deaths recorded postpandemic (April 2020 to March 2021) in LA County; *Mortality among people experiencing homelessness in Los Angeles County*, April 2022.

⁹ Anna Gorman and Harriet Blair Rowan, "The homeless are dying in record numbers on the streets of L.A.," Kaiser Health News, April 24, 2019.

¹⁰ *LAHSA releases 2022 Greater Los Angeles homeless count—Los Angeles continuum of care*, LAHSA, September 7, 2022.

¹¹ Based on an estimated PEH population of more than 100,000 in 2028; Los Angeles Homeless Services Authority.

¹² "Homelessness resources: Youth," US Substance Abuse and Mental Health Services Administration, April 22, 2022.

¹³ HUD defines a person experiencing chronic homelessness as an individual or head of household who has been continuously homeless for one year or more and has had at least four separate episodes of homelessness in the last three years, and has a disabling condition.

¹⁴ *2022 Greater Los Angeles homeless count data summary*, LAHSA, September 8, 2022.

¹⁵ Statistics about the chronically homeless population in LA County are sourced from LAHSA, while statistics about the chronically homeless populations for the next eight largest counties/continuum of care are sourced from HUD. "CoC Homeless Populations and Subpopulations Reports," HUD Exchange, HUD, accessed March 20, 2023.

¹⁶ *2019 Greater Los Angeles homeless count—data summary*, LAHSA, 2019; *2020 Greater Los Angeles homeless count—Los Angeles County data summary*, LAHSA, July 30, 2020.

¹⁷ The average cost per person for overall county services for the chronically homeless (\$7,879) was 21.6 percent higher than the average for the total population in a study of people who had experienced homelessness. Max Stevens and Fei Wu, *The services homeless single adults use and their associated costs*, LA County, January 2016.

¹⁸ *2022 Greater Los Angeles homeless count—chronic homelessness*, LAHSA, September 21, 2022; *2022 Greater Los Angeles homeless count—non-chronic homelessness*, LAHSA, September 21, 2022.

¹⁹ *Homelessness in America: Focus on chronic homelessness among people with disabilities*, United States Interagency Council on Homelessness, August 2018.

²⁰ Prepandemic defined as April 1, 2019, to March 31, 2020, and postpandemic defined as April 1, 2020, to March 31, 2021, based on LA County mortality report classifications. *Mortality among people experiencing homelessness in Los Angeles County*, April 2022; *Recent trends in mortality rates and causes of death among people experiencing homelessness in Los Angeles County*, Los Angeles County Department of Public Health, January 2021.

Lack of shelter: Exacerbated health risks

Some 49,000 people, or 70 percent of PEH in LA County, live without shelter, the largest number in the nation and about eight times that of New York City.²¹ Despite the number of shelter beds increasing by 80 percent from 2016 to 2022, today the county has only enough beds to shelter 36 percent of PEH, potentially due to Los Angeles's historical emphasis on permanent housing.²² Among other consequences, the lack of shelter increases health-related risks for PEH, as was seen with the breakouts of hepatitis and typhus in 2018 and 2019.²³ In addition, 84 percent of unsheltered individuals report detrimental physical health conditions, compared with just 19 percent of sheltered individuals.²⁴



People who experience chronic homelessness can also be caught in a revolving door of incarceration and crisis services.

²¹ Comparison to New York City is based on 2022 HUD point-in-time counts for the New York City continuum of care sheltered emergency shelter homeless (55,677 sheltered out of 61,840 PEH) compared to the Los Angeles City and County continuum of care sheltered emergency shelter homeless (16,287 sheltered out of 65,111 PEH). *2022 Greater Los Angeles homeless count*, September 8, 2022; "CoC Homeless Populations," accessed March 20, 2023.

²² LAHSA includes emergency shelters, transitional housing, and safe havens in its shelter count. "LA CoC shelter count & housing inventory count," LAHSA, accessed March 7, 2023; *2022 Greater Los Angeles homeless count* (presentation), LAHSA, September 8, 2022.

²³ Anna Gorman and Kaiser Health News, "Medieval diseases are infecting California's homeless," *The Atlantic*, March 8, 2019.

²⁴ Nathan Hess, Austin Lyke, and Janey Rountree, *Health conditions among unsheltered adults in the U.S.*, California Policy Lab, October 2019.

A crisis outpacing current solutions

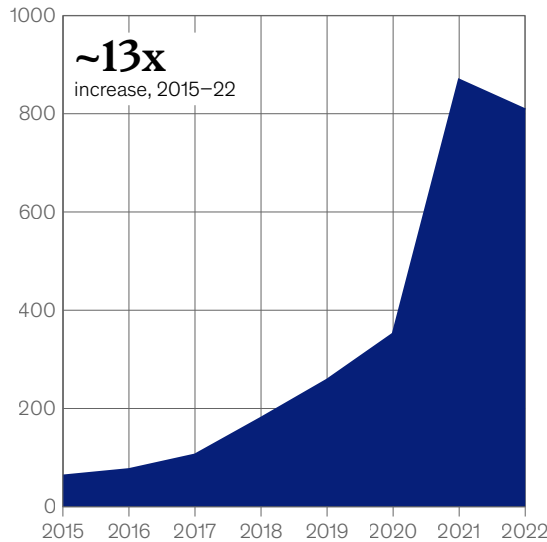
Major funding increases to the Los Angeles Homeless Services Authority (LAHSA), the lead agency in the county's continuum of care, have risen in parallel with rising homelessness in LA (Exhibit 3). In the 2014–15 financial year, LAHSA received funding of \$63 million.²⁵ By 2022, funding had increased nearly 13-fold to about \$808 million.²⁶ In the same period, the number of PEH in LA County increased by 56 percent.

LAHSA is just one of the major coordinating bodies responsible for allocating funds to address housing and homelessness. In total, LA County receives more than \$3 billion²⁷ in funding for housing and homelessness across many different programs and uses.

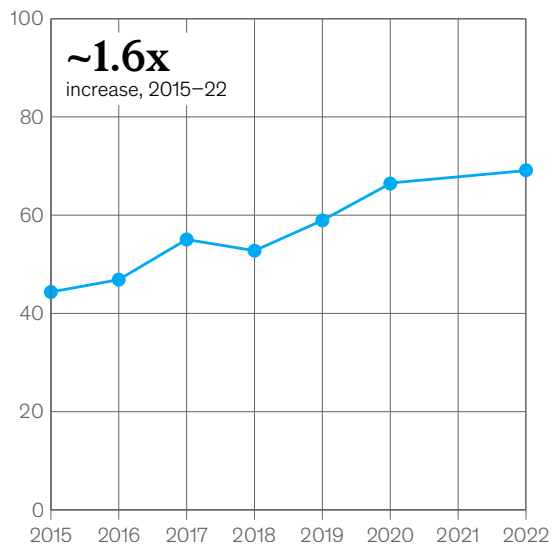
Exhibit 3

Homelessness in Los Angeles has continued to rise in parallel with major funding increases.

Los Angeles Homeless Services Authority budget, by year, \$ million



People experiencing homelessness in LA, point-in-time count, by year, thousand



Note: No point-in-time count for 2021. Los Angeles Homeless Services Authority funding by year is based on the fiscal year ending in that year (eg, FY 2021–22 is 2022).

Source: Los Angeles Homeless Services Authority

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²⁵ Los Angeles Homeless Services Authority financial statements and single audit report on expenditures of federal awards: Fiscal Year ended June 30, 2015, LAHSA, March 2016.

²⁶ Kristina M Dixon, FY 2021–22 LAHSA: General fund, roadmap, HHAP updates: Homeless strategy committee presentation, LAHSA, June 14, 2022.

²⁷ For the 2021–22 fiscal year, federal funding is estimated at \$600 million. State funding is estimated at \$1 billion. Mental Health Services Act funding is estimated at \$650 million ("MHSA three-year program and expenditure plan," Los Angeles County Department of Mental Health, June 22, 2021). Measure H funding is estimated at \$455 million ("Measure H Citizens' Oversight Advisory Board meeting agenda," Los Angeles County, September 2, 2021). Proposition HHH funding is estimated at \$362 million (Eric Garcetti, "Proposed budget FY 21-22," Los Angeles County, April 2021). HUD funding, which is part of federal funding, is based on the 2020–21 fiscal year. "Community Assistance, Recovery & Empowerment Act," California Health & Human Services Agency, accessed March 7, 2023; Taylor Herhusky, "Major state and federal housing and homelessness funding by California county," California Health & Human Services Agency, December 23, 2022.

Current housing-focused efforts are challenged by timing and costs

Increasing the stock of affordable housing could slow the growth in homelessness, as fewer people would be at risk of falling into homelessness and more people would be capable of resolving out of it if housing costs accounted for a smaller proportion of their earnings.

Many efforts to increase affordable housing are under way in LA, yet a severe shortage of affordable housing will remain for decades, given the current rate of construction. Although a sizable amount of funding has gone into attempts to build affordable housing units,²⁸ the California Housing Partnership estimates that there is currently a shortage of roughly 500,000 affordable housing units for LA County's 800,000 low-income and extremely low-income residents.²⁹ Furthermore, as explained in *Affordable housing in Los Angeles: Delivering more—and doing it faster*, at the current pace of construction, it would take more than 35 years to achieve this goal, rather than the eight years mandated in the state Regional Housing Needs Assessment, at an estimated cost of about \$134 billion.³⁰

This current challenge largely stems from a long-standing affordable housing shortage. Between 2014 and 2018, fewer than one in ten new units permitted by LA County were classified as affordable, defined as consuming less than 30 percent of the occupant's monthly household income.³¹ Part of this shortage is attributable to the complexity of the approval process: preconstruction time for an affordable project in LA may be 52 months, compared with 30 months for market-rate housing.³² Construction is also expensive, averaging more than \$550,000 per unit.³³

In 2016, a \$1.2 billion bond, Proposition HHH, was passed to build housing. Since then, just over 2,250 units have been built—or 23 percent of Proposition HHH's ten-year goal. Under the Mental Health Services Act, about 1,100 affordable housing units have been leased or occupied since 2008, with only 43 of 140 funded projects being completed based on latest publications. Finally, through Measure H, LA has placed 34,000 individuals into permanent housing since 2017—about 76 percent of its 45,000 goal.³⁴ To put this in perspective, if LA achieved all Proposition HHH and Measure H goals in 2023, the county could add 7,750 affordable housing units and 11,000 permanent placements. Yet LA would still lack about 492,000 affordable units, and chronically homeless individuals could still be without permanent supportive housing.³⁵

At its current building rate, LA will not meet its affordable housing needs and will likely need to supplement housing efforts with other initiatives to resolve homelessness. Indeed, in a McKinsey report on affordable housing in LA, we identified highly underutilized residential parcels that could yield 1.5 million to 1.9 million residential units.³⁶

²⁸ Affordable housing efforts include Proposition HHH efforts, Homeless Initiative permanent housing, LAHSA permanent housing, and Los Angeles County Development Authority housing development efforts (approximately one-third of total funding, although there may be overlap between coordinating bodies).

²⁹ Danielle M Mazzella and Lindsay Rosenfeld, *Los Angeles County housing need report 2021*, California Housing Partnership, May 2021.

³⁰ *Affordable housing in Los Angeles: Delivering more—and doing it faster*, McKinsey, November 2019.

³¹ *Ibid.*

³² Analysis is based on developers in the LA region. This article considers affordable housing to be rent or payment less than 30 percent of household income, a benchmark used by the World Bank and the US Department of Housing and Urban Development. *Affordable housing in Los Angeles*, November 2019.

³³ Ron Galperin, *The problems and progress of Prop. HHH*, City of Los Angeles Controller's Office, February 23, 2022.

³⁴ For a complete list of accomplishments to date on Proposition HHH, Measure H, and the MHSA, see "HHH progress dashboard," Los Angeles Housing Department, March 3, 2023; "Homeless Initiative impact dashboard," The Los Angeles Homeless Initiative, accessed March 13, 2023; and *MHSA three-year program and expenditure plan: Fiscal years 2021-22 through 2023-24*, Los Angeles County Department of Mental Health, June 22, 2021. The numbers in this article for Proposition HHH and Measure H are based on the status of live progress dashboards accessed on March 1, 2023.

³⁵ *2022 Greater Los Angeles homeless count* (presentation), September 8, 2022; "HHH progress dashboard," Los Angeles Housing Department, March 3, 2023; "MHSA county performance outcomes," California Department of Health Care Services, updated January 26, 2023.

³⁶ *Affordable housing in Los Angeles: Delivering more—and doing it faster*, McKinsey, November 2019.

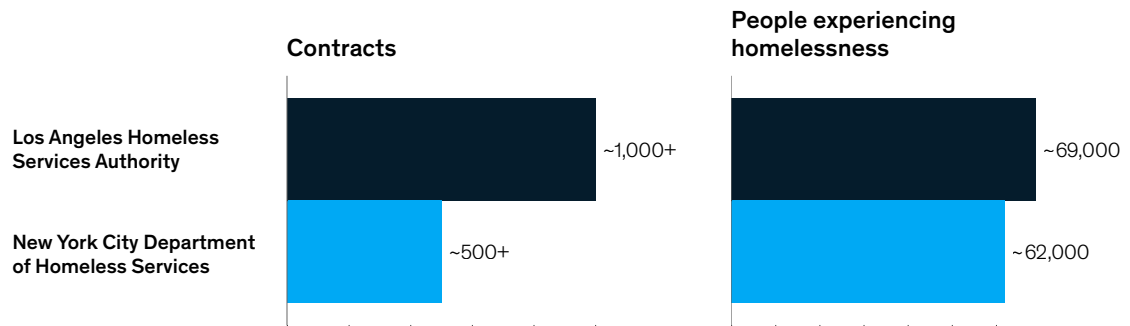
System complexity and structural impediments: Impaired efficiency and effectiveness

The ability to enact far-reaching and innovative solutions to homelessness in LA County may be complicated by a support ecosystem that is unique in its number of service providers and contracts, its distributed decision-making authority, and its high turnover of employees. This fragmented ecosystem requires coordination across many organizations, with LAHSA, the lead agency in the county’s continuum of care, alone executing more than 1,000 contracts with more than 100 nonprofits each year.³⁷ By comparison, the New York City Department of Homeless Services (DHS) manages 517 active contracts with a similar PEH population (Exhibit 4).

LA has no county department exclusively responsible for homelessness, with responsibilities and decision making dispersed across various agencies, the county, and individual cities.³⁸ The homelessness services field in LA also experiences staff turnover, vacancies, and delays in recruiting and hiring, resulting in a lack of frontline workers to support the increasing PEH population. For example, PATH, a nonprofit that serves about a fifth of California’s homeless population, hired seven recruiters to help fill 340 vacancies—and the average lead time to fill one was four months.³⁹ This shortage of workers can be partially attributed to low wages, with most frontline workers making between \$16 and \$18 an hour, barely higher than minimum wage.⁴⁰ In fact, in March 2021 LAHSA increased base pay for its employees to \$50,000 a year from \$33,119 after learning some of its own employees were experiencing homelessness.⁴¹

Exhibit 4

The Los Angeles Homeless Services Authority manages about twice as many contracts as its New York counterpart for a similar number of people.



Source: Checkbook NYC FY 2021; Los Angeles Homeless Services Authority; US Department of Housing and Urban Development (HUD) 2022

McKinsey & Company

³⁷ “LAHSA FY 2022–2023 budget,” LAHSA, January 31, 2023.

³⁸ “Blue Ribbon Commission on Homelessness governance report,” Blue Ribbon Commission on Homelessness, March 30, 2022.

³⁹ Manuela Tobias, “Will worker shortage disrupt California homeless strategy?” CalMatters, January 27, 2022.

⁴⁰ Ibid.

⁴¹ Heidi Marston, “The homelessness crisis: A monster of our own making,” Medium, April 25, 2022.



Developing LA-focused solutions

The homelessness crisis in LA is worsening. And because of its unique nature, it is unlikely to be resolved through traditional approaches utilized in other communities alone. In particular, building more housing is not enough on its own. Given the scale and complexity of the crisis, any solution may need tailored, large-scale coordination, the likes of which are typically seen in national-scale emergencies.⁴² In the face of this complexity, LA could adopt a journey- and fact-based approach to solving homelessness. While the public sector would naturally lead these efforts, the private sector also has a role to play.

Adopting journey-based solutions

Individual experiences with homelessness can be considered across two dimensions: the stage of homelessness and the circumstances that led to homelessness. The progression into homelessness starts with one being at-risk, often due to economic factors. The next stage is being nonchronically homeless—that is, less than one year without housing. This stage is followed by being chronically homeless, where one has been homeless for more than a year or has had multiple episodes over several years.

At-risk individuals, the nonchronically homeless, and the chronically homeless need different interventions—for example, the nonchronically homeless may need support with career placement, while people experiencing chronic homelessness may first need help with a substance use disorder or mental health issues. Similarly, the pathway that led to homelessness suggests different interventions. For example, survivors of domestic violence may require different types of support than the formerly incarcerated. Adopting journey-based solutions may help address the root causes of homelessness and ensure people receive sufficient support depending on their individual needs. In addition, this approach allows efforts to account for the fact the city's homeless population is far from homogeneous (see sidebar, “Who is experiencing homelessness?”) and, while disproportionately composed of vulnerable populations, is largely composed of individuals from or already living in the region.⁴³

⁴² For example, FEMA uses a National Disaster Recovery Framework (NDRF) as a guide to promote effective recovery for incidents that are large-scale or catastrophic. *National Disaster Recovery Framework: Strengthening disaster recovery for the nation*, Federal Emergency Management Agency (FEMA), September 2011.

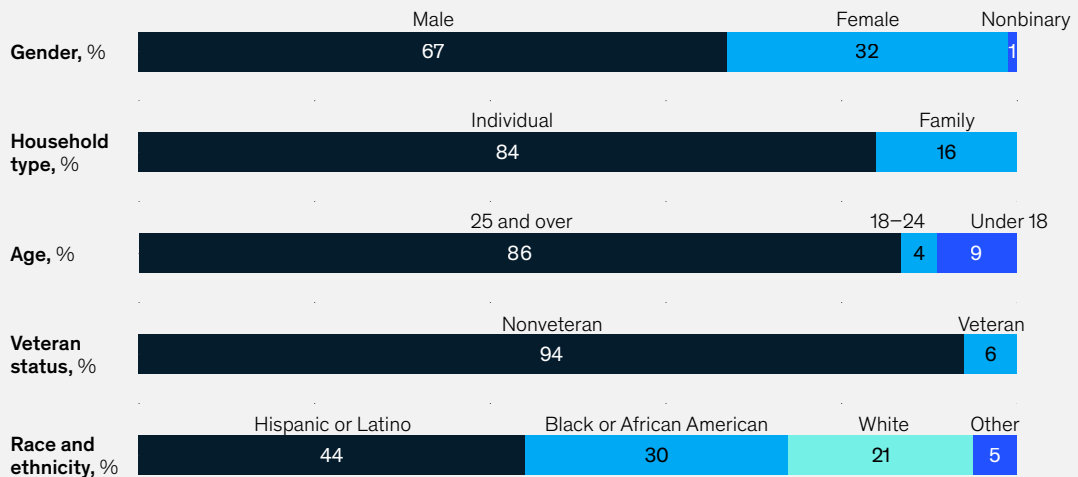
⁴³ *Greater Los Angeles homeless count 2020*, LAHSA, June 2020.

Who is experiencing homelessness?

LA County's population of people experiencing homelessness spans factors including gender, age, and race (exhibit), and the background of individuals also varies. The journey to homelessness is not caused by a single factor, nor is it linear, with contributing factors often intertwined with peoples' backgrounds and a broader historical and societal context.

Exhibit

The homeless population of Los Angeles spans demographics.



Note: Figures may not sum to 100%, because of rounding.

Source: 2022 Los Angeles Homeless Services Authority homeless count data for Los Angeles County

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A 2020 Los Angeles Homeless Services Authority (LAHSA) survey of 4,304 people newly experiencing homelessness in the city found that the top five factors cited were economic hardship, weakened social networks, disabling health conditions, system discharge (for example, from prison or foster care), and flight from violence.¹

Contrary to popular myth, the majority of PEH in LA are not coming from other regions: 74 percent of unsheltered individuals lived in Southern California before becoming homeless, and 71 percent have been in LA County for more than ten years.² Some 42,000 PEH, or 60 percent, are located in the City of LA, with the highest concentrations in southeast neighborhoods.³

Women comprise almost a third of the LA homeless population.⁴ While 8 percent of total PEH in LA report being homeless due to fleeing domestic violence, that number masks a more troubling reality. Domestic violence disproportionately affects the more than 22,000 women experiencing homelessness, with nearly 50 percent of all unsheltered women in LA reporting a lifetime history of domestic and sexual violence.⁵

Some 30 percent of the LA homeless population is Black⁶—or 3.3 times the rate of the overall population. The homelessness rates for all other ethnicities are lower than their share of the general population.

Veterans also experience homelessness at higher rates. Roughly 6 percent of people experiencing homelessness are veterans, 2.3 times the rate of the overall population.⁷ Lastly, about 30 percent of PEH in LA County are sheltered, and 40 percent are considered chronically homeless.⁸

¹ Greater Los Angeles homeless count 2020, LAHSA, June 2020.

² As of 2020; Greater Los Angeles homeless count 2020, June 2020.

³ 2022 Greater Los Angeles homeless count, presentation, LAHSA, September 8, 2022.

⁴ 2022 Greater Los Angeles homeless count data summary, LAHSA, September 8, 2022.

⁵ "Annual Greater Los Angeles homeless count," Downtown Women's Center, accessed March 7, 2023.

⁶ 2022 Greater Los Angeles homeless count, presentation, September 8, 2022.

⁷ 2022 Greater Los Angeles homeless count data summary, September 8, 2022; "QuickFacts: Los Angeles County, California: People with a disability, under age 65 years, percent, 2017–2021," US Census Bureau, July 21, 2021.

⁸ 2022 Greater Los Angeles homeless count, presentation, September 8, 2022.

Prevention efforts may help reduce those at risk of homelessness. Nearly 600,000 households are severely rent burdened in LA, placing them at risk of homelessness.⁴⁴ This level of rent burden has increased over time as incomes in LA have been unable to keep pace with high housing prices and rents: from 2010 to 2019, average rents in LA increased by 65 percent, while household incomes rose only 36 percent.⁴⁵

While populations at risk of homelessness undoubtedly need affordable, secure housing, other forms of assistance may also play a role in preventing homelessness. For example, connecting at-risk populations to CalFresh or Women, Infants, and Children (WIC) programs could free up money normally spent on food to be used for rent or other necessities.⁴⁶ Furthermore, during the pandemic, rates of homelessness temporarily decreased in parallel with the significant amounts of financial aid disbursed.⁴⁷

Like most cities and counties, LA prioritizes individuals for support and housing based on criticality of need, usually those who are chronically homeless with a history of mental health challenges or other vulnerabilities.⁴⁸ As a result, at-risk populations are often provided fewer resources and interventions. For example, just 3.6 percent of LA County's 2022–23 homelessness spending plan, or \$18.9 million, is allocated to prevention measures.⁴⁹ Providing additional funding to prevention efforts could be cost-effective; research has indicated that actions focused on prevention may help reduce housing insecurity.⁵⁰ LA County is already piloting a predictive tool developed by UCLA researchers at the California Policy Lab to help identify and assist those at greatest risk of losing their homes.⁵¹

Rapid support for nonchronically homeless individuals. The nonchronically homeless in LA total approximately 41,000 people, or about 60 percent of the PEH population.⁵² These individuals are more often able to “self resolve,” or exit from homelessness with less intensive support than the chronically homeless.⁵³ In fact, a 2020 LAHSA report says that out of all exits from homelessness, 70 percent were through self-resolution.⁵⁴ For those who may need additional support to return to housing, there are smaller, meaningful interventions that could help beyond building affordable housing stock. For instance, case management—coupled with housing vouchers and other financial forms of assistance—has been found to successfully place nonchronically homeless populations into housing.⁵⁵

Interventions are typically more effective when quickly provided to newly homeless individuals. The longer the nonchronically homeless wait for housing or other forms of

⁴⁴ HUD defines severe rent burden as paying more than 50 percent of one's income on rent. HUD defines individuals and families at risk for homelessness as those: i) with annual income below 30 percent median family income for area; ii) who do not have sufficient resources to prevent moving to emergency shelter; iii) who meet an additional condition including a) having moved for economic reasons twice during the previous 60 days, b) living in another's home due to economic hardship, c) having been notified of potential eviction within 21 days, d) living in a hotel paid for by a charitable or government organization, e) living in a single-room-occupancy (SRO)/efficiency apartment with more than two others, f) exiting a publicly funded institution, g) living in unstable housing. LAHSA determines homeless inflows and outflows by considering severely rent-burdened LA households as potentially at risk for homelessness. “Rental burdens: Rethinking affordability measures,” PD&R Edge, HUD Office of Policy Development and Research, September 22, 2014; “At risk of homelessness,” HUD, accessed March 7, 2023; *Greater Los Angeles homeless count 2020*, June 2020.

⁴⁵ Jack Flemming, “L.A. rent rose 65% over the last decade, study shows,” *Los Angeles Times*, December 27, 2019.

⁴⁶ Anna Gorman and Harriet Blair Rowan, “A persistent puzzle: Californians embrace Medicaid—but food stamps? Not so much,” *Kaiser Health News*, May 2, 2018.

⁴⁷ Patrick Burns, “Breaking the fall: Successful homeless interventions in the COVID pandemic,” *Economic Roundtable*, December 15, 2022.

⁴⁸ LA uses a points-based self-reporting tool called Vulnerability Index—Service Prioritization Decision Assistance Tool (VI—SPDAT) to prioritize care for those in need. A person who is experiencing homelessness for the first time and living out of their car might score lower on this scale than someone with chronic physical conditions and drug addiction sleeping in a sleeping bag on the sidewalk.

⁴⁹ “\$532.6M Homeless Initiative spending plan for FY 2022–23,” *Los Angeles County Homeless Initiative*, May 17, 2022.

⁵⁰ Sanmay Das et al., “Solving homelessness from a complex systems perspective: Insights for prevention responses,” *Annual Review of Public Health*, 2019, Volume 40.

⁵¹ Ariel Wesler, “LA County uses computer model to help predict homelessness,” *Spectrum News*, July 14, 2022.

⁵² *2022 Greater Los Angeles homeless count data summary*, September 8, 2022.

⁵³ *2020 Greater Los Angeles homeless count results*, LAHSA, September 3, 2020.

⁵⁴ Based on 2020 Greater Los Angeles homeless count; *2020 Greater Los Angeles homeless count results*, September 3, 2020.

⁵⁵ *Using tenant-based housing vouchers to help end homelessness in Los Angeles, 2016–2020*, Abt Associates, July 18, 2022.

support, the more likely they are to be driven into chronic homelessness, which is associated with worsened health conditions and a lower propensity to resolve out of homelessness and requires more complex solutions.⁵⁶

While temporary housing in shelters can be a common form of support for the nonchronically homeless, not enough exist today to meet the needs of the unsheltered homeless population. As previously mentioned, the county today has enough beds to shelter only 36 percent of PEH.⁵⁷ However, simply building more shelters may not be enough; studies suggest shelters are not a one-size-fits-all solution. For example, PEH often cite privacy and safety concerns as top decision factors when choosing to accept housing support.⁵⁸ Survivors of domestic abuse, LGBTQ+ individuals, and people with disabilities who find themselves homeless may have different privacy and safety needs when it comes to shelters.

Tailored support services for the chronically homeless. As a society, we cannot give up on those unlikely to self-resolve out of homelessness due to substance use disorders, mental illness, or other disabilities. Without support, individuals may continue cycling in and out of homelessness for years on end—leaving a sizable segment of Angelenos struggling to build and lead quality lives. We need to find ways to systematically ensure that the chronically homeless get the care that they need.

Historically, interpretation of the *Martin v. City of Boise* ruling limited the city's ability to effectively render care to the chronically homeless.⁵⁹ While the long-term effects are still to be determined, new initiatives are being introduced, including directive care for those in psychiatric crisis in New York City and the Community, Assistance, Recovery, and Empowerment (CARE) Court in the state of California; these may offer potential pathways to breaking this deadlock.⁶⁰ Even so, there are no at-scale long-term comprehensive solutions for the chronically homeless, whose need for mental health and substance use disorder treatment is as important as their need for housing. A 2018 report by the California Hospital Association indicates a need for more than 2,500 additional mental health beds in LA County.⁶¹

While housing is just part of the solution, permanent supportive housing, for example, has been shown to successfully house individuals experiencing chronic homelessness, with 86 percent of individuals placed remaining in housing for several years.⁶² In Houston, officials were able to significantly decrease chronic homelessness—in a much smaller population of homeless individuals than in Los Angeles—by prioritizing rapid placement of the chronically homeless directly into apartments with supportive wraparound services, rather than first placing them into shelters.⁶³

⁵⁶ Erin Bagalman and Libby Perl, *Chronic homelessness: Background, research, and outcomes*, Congressional Research Service, December 8, 2015.

⁵⁷ LAHSA includes emergency shelters, transitional housing and safe havens in its shelter count. "LA CoC shelter count & housing inventory count (HIC)," LAHSA, accessed March 7, 2023; *2022 Greater Los Angeles homeless count* (presentation), September 8, 2022.

⁵⁸ Rick Garvey, Sarah B Hunter, and Jason M Ward, "Recent trends among the unsheltered in three Los Angeles neighborhoods," RAND Corporation, May 2022.

⁵⁹ In *Martin v. Boise*, the US Court of Appeals for the Ninth Circuit ruled that homeless individuals cannot be punished for sleeping outdoors in public spaces when there are not sufficient alternatives available for housing. "*Martin v. City of Boise*," Ninth Circuit refuses to reconsider invalidation of ordinances completely banning sleeping and camping in public," *Harvard Law Review*, December 2019, Volume 133, Number 2.

⁶⁰ "Mayor Adams announces plan to provide care for individuals suffering from untreated severe mental illness across NYC," City of New York, November 29, 2022; "Governor Newsom and counties begin CARE Court implementation," State of California, December 1, 2022.

⁶¹ *California psychiatric bed annual report*, California Hospital Association, August 2018.

⁶² HUD defines permanent supportive housing (PSH) as permanent housing in which housing assistance (for example, long-term leasing or rental assistance) and supportive services are provided to assist households with at least one member (adult or child) with a disability in achieving housing stability. "Permanent Supportive Housing (PSH)," HUD Exchange, HUD, accessed March 20, 2023; Laura Kurtzman, "Study finds permanent supportive housing is effective for highest risk chronically homeless people," University of California, San Francisco, September 17, 2020.

⁶³ Michael Kimmelman and Lucy Tompkins, "How Houston moved 25,000 people from the streets into homes of their own," *New York Times*, February 13, 2023.

As such, housing alone is just part of the solution. Given the numerous challenges faced by the chronically homeless, service providers could meet them where they are to help them better access existing services. For example, more could be done to coordinate and widen the range of services provided for chronically homeless individuals who are also experiencing severe mental illness, substance use disorders, or physical disabilities. Louisiana Chronically Homeless Assistance and Treatment Services (LaCHATS), for instance, set up a One-Stop Homeless Services Center, bringing together a coalition of 35 service providers across mental healthcare, legal services, and employment assistance as well as permanent supportive housing under one roof.⁶⁴ These methods are effective but resource-intensive, further underscoring the importance of also focusing on prevention measures before people enter chronic homelessness.

LA county today has enough beds to shelter only 36 percent of people experiencing homelessness.

The role of business: Three ways companies can lead

The private sector accounts for just under 88 percent of employment in LA County and is both crucial and well positioned to support PEH and drive sustainable and inclusive growth.⁶⁵ With the vast majority of PEH having held prior employment, each business has a unique opportunity to both assist and support PEH as well as actively engage in preventing further individuals from experiencing homelessness.⁶⁶ Indeed, without the private sector's active involvement, there is little chance of delivering an effective response to the current crisis.

No single organization has the ability to address this crisis on its own, and efforts undertaken by the private sector are in no way a substitute for the public sector's role or responsibility in solving homelessness. But if businesses could unlock their collective strength and resources, they could be able to make a meaningful impact on LA's homelessness crisis, ultimately making LA a place that works better for all Angelenos. There are three potential but not all-encompassing actions for companies considering starting on this path.

Resourcing: Supporting at-risk employees. Employers can play a crucial role in supporting at-risk individuals, starting by understanding their own employee base. With data and proximity to their workforce, employers may be best suited to connect employees at risk of homelessness with appropriate resources, such as social safety net programs and housing search and placement services. Employers can also conduct anonymous company-wide surveys to understand the needs of at-risk populations and help connect their workforces with the most helpful supportive services, such as housing assistance, counseling, and personal financial planning (and provide hotlines for employees to anonymously connect with them).

⁶⁴ "LaCHATS project One-Stop Homeless Services Center," US Substance Abuse and Mental Health Services Administration, April 30, 2020.

⁶⁵ "Quarterly census of employment and wages (QCEW)—Los Angeles County," US Bureau of Labor Statistics and California Employment Development Department, December 9, 2022.

⁶⁶ Nefara Riesch, Geoffrey Schnorr, and Till von Wachter, "Employment among LA County residents experiencing homelessness," California Policy Lab, February 26, 2020.



Nearly 600,000 households in LA are severely rent burdened today,⁶⁷ and more than 100,000 households could be at risk of eviction.⁶⁸ Yet, in 2017, LA County indicated an uptake rate of CalFresh benefits of 66.3 percent, placing LA in the bottom third relative to other counties in California.⁶⁹ Employers have a unique opportunity to directly affect their employees and the communities around them and ultimately reduce the incidence of homelessness.

First, private-sector organizations could commit to understanding their workforce and its relationship to homelessness through topics like employee financial health, the risk of experiencing homelessness, and previous episodes of homelessness. Once companies learn about the needs of at-risk or already homeless employees, they could then offer an internal, anonymous, highly accessible, one-stop shop to connect employees to social safety net programs or effective in-house resources. We found 78 percent of employees who have previously experienced homelessness would find value in streamlined employer information and assistance to navigate social services—13 percentage points more than other employees. Likewise, 79 percent would find employer assistance to navigate health insurance valuable—nine percentage points more than other employees.⁷⁰

Second, in-house resources could be far-reaching. Employers could offer flexible working arrangements, such as time off or remote work, to support individuals who may need to attend housing appointments or accommodation hearings. These employees may also benefit from resources such as workplace attire and transportation to and from work (for example, public-transit credits), both of which may act as cost barriers for the financially burdened. Housing search and placement services, shared housing, free access to a gym or shower, and temporary hotel rooms could help support employees faster than a social service provider.

Third, many of these benefits may help the workforce broadly and even minimize employers' turnover costs.⁷¹ According to the US Department of Labor, employers save up to \$16 for every

⁶⁷ *Greater Los Angeles homeless count 2020*, June 2020.

⁶⁸ Les Dunseith, "New study warns of looming eviction crisis in Los Angeles County," University of California, Los Angeles (UCLA) Luskin School of Public Affairs, May 28, 2020.

⁶⁹ "Motion by Supervisors Sheila Kuehl and Janice Hahn: Reduce prevalence of food insecurity and poverty by increasing CalFresh participation," Los Angeles County, May 23, 2017.

⁷⁰ McKinsey survey of LA County adults (n = 1,004, September 2022).

⁷¹ Shane McFeely and Ben Wigert, "This fixable problem costs U.S. businesses \$1 trillion," Gallup, March 13, 2019.

dollar invested in an employee assistance plan.⁷² Offering these forms of support not only could give at-risk individuals a needed reprieve that offers them time to stabilize their situation but also could attract and retain the best talent.

Reconfiguring: Diversifying talent pipelines to create employment opportunities for more Angelenos. All employers can partner with workforce development organizations (such as educational systems and nonprofits) to share requirements for job opportunities and to raise awareness of opportunities for employment for groups such as survivors of domestic abuse and those aging out of foster care. This can enable at-risk and homeless individuals to learn valuable skills and find gainful employment.

With an average of roughly 435,000 unique job openings posted per quarter in 2022, underemployment today appears to be driven by a skills mismatch in the economy, not a lack of jobs.⁷³ With lack of skills reported as the number-one barrier to finding a job in LA,⁷⁴ developing stronger alignment between the skills the population possesses and the talent needs of the private sector could support numerous Angelenos looking for employment, particularly the nearly 600,000 members of severely rent-burdened households⁷⁵ and the 69,000 individuals currently experiencing homelessness.⁷⁶ That could help reduce the financial difficulties that prevent many people from directly paying for housing and affect their ability to obtain healthcare, education, and other necessities.

Employers can take a two-pronged approach to better align available talent with skills needed. First, they can assess recruiting requirements and adopt skills-based hiring where possible.⁷⁷ They can be clear about required versus preferred competencies for each role and can enable the at-risk population and PEH with certain skills to qualify for employment, ultimately screening them in rather than out of open job opportunities.

A common misconception is that those experiencing homelessness are not employed or do not want to be employed.⁷⁸ Within its multiyear LA County study of 137,000 homeless clients, of whom 74 percent were employed prior to their first enrollment in homelessness support services, the California Policy Lab found that 65 percent of clients employed before enrolling in services worked in several major job categories before obtaining services.⁷⁹ Skills-based hiring can potentially allow for more PEH to access employment, reintegrating those not currently in the workforce and becoming a major driver of return to stability. Employers can receive financial supports as well. California recently passed a Homeless Hiring Tax Credit, providing tax credits of up to \$30,000 to each employer who hires current or recently homeless individuals (for example, youth aging out of foster care).⁸⁰

Second, employers could invest in the skills needed for their prospective and current employees to progress into new roles and opportunities by offering upskilling opportunities such as training programs and apprenticeships, partnering with educational systems and nonprofits to develop a talent pipeline for at-risk communities. Such programs can improve workforce retention for employers and provide employment stability to employees.⁸¹ Given

⁷² "Business case for EAPs: Employee Assistance Program Fact Sheet," US Office of Personnel Management, accessed March 20, 2023.

⁷³ Lightcast average quarterly job postings from 2022 by North American Industry Classification System (NAICS) sector, accessed January 15, 2023.

⁷⁴ McKinsey American Opportunity Survey 2022.

⁷⁵ *Greater Los Angeles homeless count 2020*, June 2020.

⁷⁶ *2022 Greater Los Angeles homeless count—Los Angeles County*, September 8, 2022.

⁷⁷ Joseph Fuller, Christina Langer, and Matt Sigelman, "Skills-based hiring is on the rise," *Harvard Business Review*, February 11, 2022.

⁷⁸ Robert Polner, "The 12 biggest myths about homelessness in America," New York University (NYU), September 24, 2019.

⁷⁹ These categories included administrative support, waste management, and remediation services (28 percent); healthcare and social assistance (14 percent); accommodation and food services (12 percent); and retail (11 percent); "Employment and earnings among LA County residents experiencing homelessness," February 26, 2020.

⁸⁰ Credits range from \$2,500 to \$10,000 per employee hired. "Homeless Hiring Tax Credit: Assembly Bill (AB) 150," California Franchise Tax Board, December 20, 2022.

⁸¹ McKinsey survey of LA County adults (n = 1,004, September 2022). McKinsey conducted a survey of employees of small and large businesses in LA County to understand their experiences with the homelessness crisis in the region.

the high number of entry-level openings and unfilled roles, the private sector can create pathways for at-risk Angelenos to develop specific skill sets required for jobs and commit to recruiting those who have established those skills (for example, through online learning and on-the-job learning). Such programs improve workforce retention and are also cost-effective: on average, it costs \$24,000 to reskill an employee, while the cost of replacing an individual employee can be up to double that employee's salary.⁸² Many companies have already participated in successful efforts to either hire or upskill at-risk communities by partnering with nonprofit organizations.⁸³



Once companies learn about the needs of at-risk or already homeless employees, they could then offer an internal, anonymous, highly accessible, one-stop shop to connect employees to social safety net programs or effective in-house resources.

⁸² Briony Harris, "Who should pay for workers to be reskilled?," World Economic Forum, January 22, 2019; "This fixable problem costs U.S. businesses \$1 trillion," March 13, 2019.

⁸³ Chrysalis is a nonprofit organization in LA that helps individuals navigate barriers to the workforce through a job readiness program. In 2021, Chrysalis helped 1,553 individuals obtain employment and employed 1,611 individuals in transitional employment. Social Finance is a national impact finance and advisory nonprofit that works with the public, private, and social sectors to build innovative partnerships and investments that measurably improve lives. "Forging new roads: A year in review: 2021 executive summary," Chrysalis, July 27, 2022.

Reimagining: Supporting capabilities and talent. Countless organizations and individuals are dedicated to improving the lives of people experiencing homelessness. As discussed above, the impact of these efforts can be diminished by the fragmented ecosystem of organizations, complex governance structures, and operational and talent management challenges. Even more importantly, no robust, comparable, outcomes-based data or performance metrics exist, making it impossible to determine what programs are effective. Efforts to create such systems are hampered by lack of funding and technical expertise. To help overcome these challenges, employers could partner with nonprofits to build capabilities by offering secondments and externships, sharing technology infrastructure and analytics tools, and implementing best practices to enhance innovation in the nonprofit sphere.

By working out an approach to collecting, analyzing, and using data, the private sector could support LA's leaders in developing and tracking key performance indicators across the county's hundreds of service providers. Not only would such an approach help to identify organizations and solutions with proven impact, but it could result in better resource allocation toward the right set of solutions. Leveraging data can also help leaders make faster decisions on which solutions to test, pilot, and ultimately scale, bringing a whole new level of speed and agility to the public sector's efforts.

Similarly, there is an opportunity to eliminate challenges that prevent institutions administering aid from becoming more effective and sustainable. For example, a new public-private partnership could create a flagship LA center of excellence for homelessness services to drive a new era of operational excellence among all stakeholders. Such a center could vastly improve access to best-in-class capability building. In partnership with public- and social-sector organizations, it could be supported by experienced leaders from the private sector and offer programs across topics such as contract management, human resources management, and technology management. This center could even offer shared resources for smaller nonprofits—for example, taking existing centralized recruiting and proactively matching job seekers to homelessness service providers. Such a partnership could allow all stakeholders in the homelessness ecosystem to align on goals and approaches while gaining equal access to resources to unlock their full potential.

Additionally, the private sector could adopt specific priorities within or in parallel to the center of excellence. Many nonprofits today seek technology infrastructure and tools considered basic requirements in many private-sector organizations. Nonprofits are limited by a lack of computers, poor internet access, and outdated software products. Prioritizing technology-enabled coordination could help nonprofits successfully transform their operating models, while the adoption of new software could amplify efforts to share data and reporting platforms to harmonize their efforts.

Re-envisioning the administrative model is only one part of the capability-building puzzle. Among 18 occupation groups that employ workers with skills needed at nonprofits addressing homelessness (such as substance use disorder counselors and social service managers), 50 percent have a talent-supply shortage, representing more than 2,400 unfilled roles. Even within filled roles, employee turnover is a challenge, with 40 percent or more workers in 11 of the top occupation groups switching jobs in 2021.⁸⁴ The private sector has a major opportunity to share learnings and best practices to support the homelessness ecosystem in developing, attracting, and retaining the right talent.

⁸⁴ Lightcast, accessed June 15, 2022.

Private-sector companies can also offer broad secondments or externships for employees to work in the nonprofit sphere. Many organizations provide opportunities for employees to pursue temporary employment elsewhere, but adopting these programs more broadly and for smaller nonprofits in LA could provide a more targeted solution to talent shortages; research indicates secondments are effective in helping transfer knowledge and innovation to smaller organizations.⁸⁵ This more collaborative approach to talent can help private-sector employees develop new skills and perspectives while helping nonprofits to fill critical gaps in positions and enact innovative approaches.

In summary, the following combined three actions could help make meaningful strides in addressing homelessness in LA:

- *Resourcing: Supporting at-risk employees.* What if every business in LA could help inform and connect their employees at risk of experiencing homelessness with the benefits they qualify for or—for select businesses—provide financial support on key issues such as housing?
- *Reconfiguring: Diversifying talent pipelines to create employment opportunities for more Angelenos.* What if 20 percent of the businesses in LA with more than 100 employees committed to changing their talent-management practices to be more skills-based and to collaborating with local nonprofits to upskill and hire individuals experiencing homelessness in LA?
- *Reimagining: Supporting the capabilities and talent of homelessness service providers.* What if 20 percent of the businesses in LA with more than 100 employees prioritized several nonprofits to systematically support by sharing knowledge and building skills?

While there is no shortage of commitment to ending this crisis among governments, corporations, and the people of LA, tailored, journey-based solutions that reflect the uniqueness of LA are required. Now is the moment for the private sector to spearhead efforts that unleash innovation within the homelessness ecosystem, redefine the future of economic opportunity, and offer support to the countless providers working within this space to deliver the progress that the LA community deserves.

⁸⁵ Julian Decius, Christian Fechtelpeter, and Frederic Hilkenmeier, "How to foster innovation in SMEs: Evidence of the effectiveness of a project-based technology transfer approach," *Journal of Technology Transfer*, 2021.

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